

TEACHERS' RETIREMENT BOARD

REGULAR MEETING

SUBJECT: Cash Balance Benefit Program Update

ITEM NUMBER: 14

ATTACHMENT(S): 0

ACTION: X

MEETING DATE: April 8, 1999

INFORMATION:

PRESENTER: Mr. Lujano

SUMMARY

As of March 17, 1999, Cash Balance Benefit (CBB) Program participating employers are actively reporting a total of 5,270 participants and the Program has received over \$3.98 million in contributions. There are still three additional employers involved in various stages of the implementation and election processes. Their contributions and employees will be phased in over the next several months as they begin the contribution reporting process.

UPDATE ON PROGRAM MARKETING

The California State Teachers' Retirement System (CalSTRS) CBB Program marketing strategy continues to follow the Marketing Plan adopted by the Board in October 1997. From July 1998 through March 1999, 50 employee workshops have been presented to an estimated total of 765 individuals. This is in addition to 54 meetings scheduled with school district officials.

Marketing contacts were made to several Southern California school districts. Four workshops were presented to 53 attendees over two-days at Ventura County Community College (CC). Fifteen employees attended a workshop presentation at Antelope Valley CC. Both Ventura County CC and Antelope Valley CC Districts have signed resolutions to offer the CBB Program and are currently in the 60-day enrollment and implementation phase (April 1 through May 31, 1999). In addition, an employer presentation was made to the administrators of a small Southern California school district considering offering the program in the fall of 1999.

With regard to employee workshops, it is the employer's responsibility to solicit employee attendance for the workshops; therefore, the turnout is sometimes low compared to the number of eligible employees. Methods of increasing participation in the CBB Program workshops are being explored (e.g., coffee mugs, pens, t-shirts, etc., embossed with the new CalSTRS logo).

Product Promotion staff are currently in the process of revising all CBB Program marketing and educational materials. The revisions will include replacing the current CBB Program logo with the new CalSTRS logo. Staff is currently exploring alternatives for a new CBB Program "look". There are currently three workshop presentations scheduled for the immediate future. They include:

- April 1-2, 1999
1999 CalSTRS/Employer Institute in San Diego
- April 1999 (date yet to be determined)
CalSTRS on-site training for the Public Service Office and Membership Division staff
- April 22-23, 1999
1999 CalSTRS/Employer Institute in Sacramento

UPDATE ON ADMINISTRATION

PROGRAM GROWTH

The table below represents the current year CBB Program growth including the percentage of change from the previous month.

	January 1999	Monthly % of Change	February 1999	Monthly % of Change
Participants	5,071	+ 2%	5,135	+ 1.3%
Employers Actively Reporting	15	--%	15	--%
Participating Counties	10	+ 0%	10	+ 0%
Total Contributions + Guaranteed Interest*	\$3,020,000	+ 7.8%.	\$3,163,000	+ 4.7%
Net Asset Value*	Unavailable until 3/25/99		Unavailable until 4/25/99	

*Amounts rounded to the nearest thousand dollars.

PARTICIPATING EMPLOYERS

The following is a list of the eighteen (18) employers currently participating in the CCB Program.

COUNTY	K-12 SCHOOL DISTRICTS	COMMUNITY COLLEGE DISTRICTS
Alameda	Berkeley Unified	
		Chabot-Las Positas
		Fremont-Newark
		Peralta
Contra Costa	West Contra Costa Unified	
		Contra Costa
Los Angeles		Antelope Valley*
		El Camino
		Glendale
Sacramento	Robla Elementary	
San Diego	Grossmont Union High	
Santa Clara		San Jose-Evergreen
Solano		Solano
Sonoma	Montgomery Elementary*	
		Sonoma Co.
Ventura		Ventura*
Yuba		Yuba
San Francisco		San Francisco

*Employers currently in the enrollment or implementation phase.

RATE OF RETURN ON INVESTMENTS **(Aggregate – TC11 and TC64)**

The long-term rate of return on CBB Program funds has held its investment value even through the fluctuating market experienced during the 1998/99 fiscal year. The following table shows the various rates of return on investments for the Program.

Period of Time	Rate of Investment Return
1 month (1/1/90 – 1/31/98)	3.33
FYTD (7/1/98 - 1/31/99)	11.95
1 year (2/1/98 -1/31/99)	26.36
Since Program Inception (2/1/97 – 1/31/90)	24.73

BENEFIT APPLICATIONS

As of March 18, 1999, the Cash Balance Benefit (CBB) Program has received a total of twenty (20) benefit applications: eight (8) retirement applications, ten (10) termination applications, and two (2) death benefit applications. Of those twenty (20) applications, fifteen (15) have been paid, one (1) is incomplete and four (4) are not eligible for payment at this time due to the one year waiting period for termination benefits. The following tables represent the individual breakdown of CBB Program benefit applications.

Applications Received

	Jan 99	Feb 99	Mar 99	Total To Date
Retirement	2	2	0	8
Termination	1	1	1	10
Death	0	0	0	2
Disability	0	0	0	0
Monthly Total	3	3	1	20

Completed Applications Ready for Payment

	Jan 99	Feb 99	Mar 99	Total To Date
Retirement	3	1	0	7
Termination	1	0	0	6
Death	0	0	0	2
Disability	0	0	0	0
Monthly Total	4	1	0	15

Benefits Paid

	Jan 99	Feb 99	Mar 99	Total To Date
Retirement	0	0	5*	7
Termination	0	0	6	6
Death	0	0	2	2
Disability	0	0	0	0
Monthly Total	0	0	13	15

*This does not include a second/final payment made to an October 1998 retiree due to the late reporting of additional contributions by the employer.